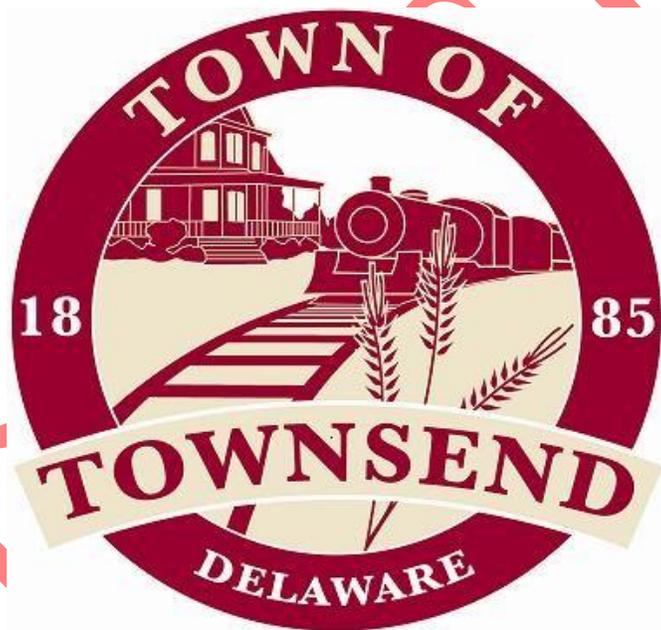


TOWN OF TOWNSEND PURCHASING POLICY



Updated March 1, 2023

TOWN OF TOWNSEND, DELAWARE PURCHASING POLICY

This policy provides guidelines to all Town of Townsend Council and staff for the purchase of goods, materials, equipment and services included in the approved fiscal year budget and for multi-year purchases to be approved by Town Council. **This policy does not apply to purchases made with Federal or State funding. The Town must adhere to applicable federal and state laws related to the federal and state funds.**

A. Definitions used in this policy:

1. Emergency - shall include those limited circumstances where the health, safety and welfare of employees or the public will be adversely impacted unless immediate action is taken to expend funds to correct or repair a problem.
2. Fixed Asset – a single item, building or combination of items or structures to form one Town owned property or thing. **For instance, a park is an asset made up of ball fields, trails and related structures – each item is not a separate fixed asset.**
3. Infrastructure – shall include those projects under the direct supervision of the Town Manager/Engineer including but not limited to major structures, sewer mains and appurtenances, pumping stations, wastewater treatment plants and related structures, streets, roadways and related drainage and safety structures.
4. Sole-source – purchases include procurement of items which are protected by patent, licensed franchise or meet specific compatibility and standardization requirements.
5. Used Equipment – is that which has been previously owned and used, but does not include demonstration, factory rebuilt, remanufactured or model year leftovers.

B. Purchases over \$10,000 (\$50,000 for Public Works infrastructure)

1. The purchase of any items and services, excluding land and rights-of-way, costing more than \$10,000 of public funds (\$50,000 for Public Works infrastructure).
2. **Prior to issuing contract specifications, a draft of the proposed product/service documents shall be submitted for review by Town Council.**
3. Public advertising is required for purchases. **The advertisement shall be placed in one or more newspapers with general circulation in New Castle County and** the Townsend website at least 15 days before bid opening and shall, at a minimum, contain the following information:
 - Brief description of goods or services sought

Commented [JH1]: Can B.2. be removed?

- The contact person
- Date, time and location of pre-bid meeting (if any)
- How to obtain contract documents (if any)
- Information on submission of bids; including requirement that bids be sealed and identified on the outside referencing the bid
- Notation that bids will be opened and read publicly, including date, time and location of bid opening

4. All bids received shall be opened on the advertised date and time with at least a majority of council present and recorded.

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5. Town Council shall consider any award of a bid at a public meeting with due consideration given to staff recommendations. An affirmative vote by a majority of council members constitutes award.

6. All contracts and other legal documents related to these transactions shall be signed by the chair member(s) or chair member and mayor upon approval of award by Townsend Town Council.

7. The Finance Officer shall not release payment until Townsend Town Council has formally acted at a business meeting.

8. A purchase order shall be signed at time of award.

C. Purchases under \$10,000 (\$50,000 for Public Works infrastructure)

1. For transactions approved in the Townsend current fiscal year budget with a dollar value under \$10,000 (\$50,000 for Public Works infrastructure), staff may finalize the procurement only after completion of all appropriate administrative work as required.
2. Purchases of \$2,500 or less (\$5,000 for Public Works infrastructure) do not require solicitation of competitive prices.
3. Purchases of \$2,500.01 to \$10,000 (\$5,000.01 and \$50,000 respectively for Public Works infrastructure) require the solicitation of three written quotes from available sources.
4. The \$10,000 or less limit (\$50,000 or less for Public Works infrastructure) is to include one-time purchases and/or total annual purchase of the same items. Procurement shall not be fragmented to avoid formal bidding requirements. If all components of a single project exceeds \$10,000 then normal bidding procedures are required.

5. A Purchase Order form for purchases of \$1,000.01 to \$10,000 (\$5,000.01 to \$50,000 for Public Works infrastructure) shall be forwarded to the Townsend Town Council for approval prior to purchase.

D. Awards

1. Awards are to be made to the lowest responsive and responsible bidder, unless the best interests of the Town are achieved by selecting other than the lowest bidder.

E. Design/Build Projects

1. Design/build projects shall follow the procedures outlined above, but selection and subsequent award shall be based upon the following four criteria at the discretion of the Townsend Town Council:
 - Design/build team qualifications
 - Proposed schedule
 - Projected initial capital costs
 - Lifetime project maintenance cost
2. The solicitation for such projects shall state the qualitative and quantitative parameters assigned to each criteria. Such projects must be approved in advance of solicitation by the Townsend Town Council.

F. Time and Material Contracts

1. Time and Material contracts shall follow the normal procurement process and may be used on multiple projects within one or more projects/departments approved by the Townsend Town Council. Contracts shall be structured in a unit cost format based on estimated quantities. Additional unit cost items required in the course of project(s), but not originally bid, shall require the Townsend Town Council approval in a public meeting.

G. Multiple-Year Contracts

1. Multiple-year contracts for goods or services for more than one year or extension of existing contracts for more than one year at the same cost shall be awarded by the Townsend Town Council if they exceed \$10,000 per fiscal year (\$50,000 for Public Works infrastructure).

H. RFP (Request for Proposals)

1. Procurement of professional or consulting services over \$10,000 is to be administered using the RFP format. The draft RFP shall be submitted to the Townsend Town Council for review and approval. If an RFP is used for lesser amounts, it must also be reviewed by the Townsend Town Council.

I. Sole-Source Purchases

1. For purchases less than \$10,000 (\$50,000 for Public Works infrastructure), the Townsend Town Council may authorize the transaction after reviewing the committee/department written certification, supported by data showing only one available source. A Purchase Order form shall be used to document purchase authorization.
2. For purchases greater than \$10,000 (\$50,000 for Public Works infrastructure), the committee/department must submit written certification supported by data showing only one available source to the Townsend Town Council for review and approval.

J. Change Orders

1. When it becomes necessary to revise the purchase of goods or services after an award has been made, a written explanation shall be required with the following approvals:
 - a. For changes up to 10% of the contract amount or \$5,000, whichever is less, must go before Townsend Town Council for approval.
 - b. For changes between 10% and 25% of the contract amount or between \$5,000.01 and \$50,000, whichever is less than Townsend Town Council approval is required.
 - c. For changes greater than 25% of the contract amount or over \$50,000, whichever is less, than Townsend Town Council approval is required.

K. Purchase of Used Equipment

1. Purchases of \$1,000 \$10,000 or less may be approved by the committee member(s) concerned, or the Town Manager. Any such purchase must be reported monthly to the Townsend Town Council. The report will include a detailed description of the item and its use, price, expected useful life and the name, address and telephone number of the seller.
2. Purchases of \$1,000.01 to \$10,000 must be requested by letter to the Townsend Town Council. The letter will include a detailed description of the item and its use, price, expected useful life and the name, address and telephone number of the seller.

3. Purchases of \$10,000.01 or more must be requested by letter-written notification to the appropriate Townsend Town Council committee. The letter-written notification will include a detailed description of the item and its use, price, expected useful life and the name, address and telephone number of the seller.

L. Office Supplies

1. Office supplies purchased by individual employees shall be limited to those items constituting immediate individual office needs. Purchases exceeding \$50.01 \$100.00 shall be approved by the Town Manager with a signed PO

M. Non-Budgeted Purchases

1. Non-budgeted purchases over \$10,000 shall require Townsend Town Council approval and a budget amendment in a public hearing.

N. Emergency Purchases

1. The Mayor and finance committee chair(s) may declare a procurement emergency as set forth in Section A(1) hereof. Emergency purchases must be reviewed and approved by the Mayor and finance committee chair(s). At the earliest reasonable opportunity following the invocation of the authority specified herein, the Mayor and finance committee chair(s) shall give each Council member notice of an emergency purchase.

O. Purchase Orders

1. Purchase orders and a purchase order system with applicable procedures shall be implemented by the Townsend Town Council.
2. ~~Any purchases up to \$100 shall have a P.O. attached.~~
3. ~~Any purchases of \$100.01 to \$1,000 shall have a P.O. attached and must be signed by the Town Manager.~~
4. Any purchases of \$1,000.01 to \$25,000 \$10,000 to \$50,000 shall have a P.O. attached and must be signed by the Mayor and the committee chair(s).

P. To be eligible for a contract award, the winning bidder must first hold a current Town of Townsend contractor and/or business license.

Q. Any recipient of a contract award as well as employees, agents and subcontractors of the recipient shall comply with the Town of Townsend Code of Conduct.

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R. Spending Authority

1. Approved at the 10/05/2022 Council meeting, the Town Manager has a spending authority of \$10,000 per purchase with a monthly limit of \$50,000.
2. The Police Chief has spending authority of \$2,000 per purchase with a monthly limit of \$6,000.

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